

# Employee Reimbursement Accounts Program (ERA)

**AN OPTIONAL TAX-FREE BENEFIT PLAN**



## **OPEN ENROLLMENT**

**OCTOBER 11 - NOVEMBER 12, 2004**

**CURRENT PARTICIPANTS MUST RE-ENROLL TO  
CONTINUE REIMBURSEMENT ACCOUNT(S) IN 2005.**

**Eligible new employees have 30 days following date of hire to enroll.  
Keep this booklet as a reference throughout the plan year.**

# Employee Resource Directory

COMPANY	DEPARTMENT	HOURS	PHONE /WEB ADDRESS
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<b>Fringe Benefits Management Company</b> (ERA Account Information)	FBMC Customer Service Automated Services	M - F 6 a.m. - 9 p.m. CT 24 hours a day	1-800-342-8017 1-800-865-FBMC (3262)
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FBMC Madison Office

1-608-829-0435  
[www.fbmc-benefits.com](http://www.fbmc-benefits.com)

EMPLOYER	DEPARTMENT	WEB ADDRESS
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<b>State of Wisconsin</b>	Employee Trust Funds (ETF)	<a href="http://etf.wi.gov">http://etf.wi.gov</a>
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## IMPORTANT DATES TO REMEMBER

**Your Open Enrollment dates are:**  
**October 11, 2004, through November 12, 2004.**

**Your Period of Coverage dates are:**  
**January 1, 2005, through December 31, 2005.**

**Enrollment lines close at**  
**9:00 p.m. Central Time on November 12, 2004**  
**Enroll online at <http://etf.wi.gov>**  
**Enroll by phone at 1-800-847-8253**

Keep this booklet for your reference throughout the plan year.

**FOR COMPLETE OPEN ENROLLMENT INFORMATION, PLEASE SEE PAGE 7**

# Employee Reimbursement Accounts Program (ERA)

AN OPTIONAL TAX-FREE BENEFIT PLAN FOR ELIGIBLE EMPLOYEES

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# General Information

## What is the ERA Program?

The Employee Reimbursement Accounts (ERAs) Program is an optional benefit established for eligible state employees. Employee Reimbursement Accounts, also referred to as “Flexible Spending Accounts,” are authorized under Sections 125, 105, and 129 of the Internal Revenue Code and Wis. Stats. §40.85 – §40.875. The ERA program allows you to pay for eligible expenses from your **pre-tax** income rather than your after-tax income.

## The Employee Reimbursement Accounts (ERA) program has three different parts:

- A tax-free **Medical Expense Reimbursement Account** that covers eligible expenses not reimbursed by any medical, dental, or vision care plan you or your dependents may have.
- A tax-free **Dependent Care Reimbursement Account** that covers eligible dependent care expenses incurred so that you and your spouse (if married) can work, actively look for work, or so that your spouse can attend school full time.
- **Automatic Premium Conversion**, the automatic pre-tax treatment of your payroll deducted premiums for **state** group health and group life insurance (excluding spouse and dependent life insurance costs); EPIC dental and excess medical insurance; and Spectera vision plan.

## Here's how the ERA program works

- **Determine how much money you need to set aside.** Plan carefully. If you have unused dollars at the end of the year, you cannot roll them over into the next plan year, nor can they be paid out to you. The worksheet on Page 27 can help you plan your account contribution.
- **The amount you set aside is deducted from your pay on a pre-tax basis in equal amounts throughout the year.** For example, if you decided to contribute \$910 to your Medical Expense ERA and you are paid 26 times per year, you would have \$35 deducted from each paycheck and credited to your Medical Expense ERA.
- **When you have eligible expenses, submit a claim for reimbursement.** Include appropriate documentation to support your claim, such as an itemized bill or receipt, or an Explanation of Benefits (EOB) from your insurance company.
- **FBMC will promptly process your claim.** Claims are processed within five business days and eligible expenses will be reimbursed via check, or directly deposited into your bank account if you choose the Rapid Refund option.

All of your ERA contributions (including premiums deducted through Automatic Premium Conversion) are taken out of your paycheck before federal and state income, and Social Security taxes are calculated on your remaining salary. You keep more money in your pocket because you pay less in taxes!

Here's how the ERA program could work to increase your spendable income by saving taxes:

\$39,000	ANNUAL GROSS INCOME
- \$5,000	ERA DEPOSIT
\$34,000	TAXABLE GROSS INCOME
- \$7,701	FEDERAL, SOCIAL SECURITY TAXES
\$26,299	ANNUAL NET INCOME

A MEDICAL EXPENSE ERA  
CAN SAVE YOU  
IN TAXES ANNUALLY!!

**\$1,132.50**

\* Figures assume a 12 month plan year, 15% federal withholding and 7.65% Social Security taxes. Individual tax rates may vary. State of Wisconsin income tax has not been included in these calculations.

## Who is eligible to enroll?

- Most full-time or part-time classified and unclassified state and university employees are eligible to participate.
- Employees who are classified as fellows, scholars, and research assistants in the University of Wisconsin System, limited term employees (LTEs), student hourlies, and other temporary employees may **not** participate.

## How much should I contribute?

- Plan carefully before you enroll. Funds remaining in your account(s) at the end of the plan year, after all eligible expenses have been reimbursed, will be **forfeited** to the State of Wisconsin. Money cannot be carried over to the next plan year, nor can it be refunded.
- Carefully review your Dual-Choice booklet to help determine your medical expenses. Also review any other health, dental, or vision coverage you may have that may affect your healthcare costs. Use the calculator on the ETF Internet site to help you determine your pre-tax savings.
- Use the ERA worksheets provided on Page 27 of this booklet to help you calculate the amount you expect to pay during the plan year for eligible dependent care and/or uninsured out-of-pocket medical expenses. (Refer to the individual reimbursement account descriptions on Pages 12-19 in this booklet for information specific to each type of account.)
- Be sure the amount you set aside is a realistic amount. Keep in mind that you have to make contributions to your reimbursement account and also pay for expenses out-of-pocket before a reimbursement check arrives.

## What expenses are eligible for reimbursement?

Only expenses for services that you receive during your period of coverage in 2005 are eligible for reimbursement, regardless of when you were billed or when you pay for them. More details about eligible medical and dependent care expenses may be found on Pages 12-19.

## Can my insurance premiums be reimbursed?

No, IRS regulations prohibit the reimbursement of any insurance premiums through a medical expense reimbursement account. However, premium payments for state group health and life, EPIC excess medical, and Spectera vision coverage are automatically deducted from your paycheck on a pre-tax basis, unless you have filed a *Premium Conversion Waiver Form*. See Page 11 for more information about Automatic Premium Conversion.

## Will the full amount of each claim be reimbursed?

Eligible claims for medical expenses will be paid up to the annual amount you've elected to contribute to your Medical Expense ERA, even though deductions have not been taken from your paycheck.

Dependent care expenses will be paid up to your current balance. If you file a claim for more than your current dependent care balance, it will be held until additional contributions have been added to your account.

## When does my period of coverage start?

- If you enroll during the Open Enrollment period, your period of coverage begins **January 1, 2005**.
- If you enroll within 30 days following your hire date or the date of your change in status qualifying event, **your period of coverage starts on the issue date of your first paycheck from which ERA deductions are made**. Only eligible expenses incurred on or after this effective date are reimbursable.

**IMPORTANT** – Your first payroll deduction will be on the first available paycheck. This may not be the paycheck following your enrollment. Because of payroll processing cut-off dates, your start date may be several weeks after you submit your enrollment form. Be sure to verify your ERA start date with your Payroll/Benefits Office before you incur eligible expenses.

### EXAMPLE:

Your employment start date is March 15, 2005. You have **30 days** after that date to enroll in the program. If you are paid on a bi-weekly basis and submit your application on March 29, the first check from which a deduction may be taken could be as late as April 14, depending on the payroll processing cut-off date. If you are paid on a monthly basis, your coverage start date will be May 1.

# General Information

CONTINUED

## When does my period of coverage end?

- If you remain employed for the full plan year, coverage ends on December 31, 2005.
- If you terminate employment or cease to be an eligible employee prior to the end of the plan year and do not arrange to continue your coverage:

**Medical Expense Account** – Your coverage ends at the end of the pay period following the pay period from which your last ERA payroll deduction was taken. Expenses for services provided to you after this date are not reimbursable.

- Examples:**
1. An employee who is paid on a bi-weekly basis and whose last 2005 paycheck is dated April 28 (the paycheck for pay period April 3 through April 16) will have ERA coverage end as of April 30 (end date of the pay period following the last payroll deduction).
  2. An employee who is paid on a monthly basis and whose last 2005 paycheck is dated May 1 (the paycheck for pay period April 1 through April 30) will have ERA coverage end as of April 30 (end of the pay period following the last payroll deduction).

**Dependent Care Account** – You can continue to request reimbursement for eligible expenses from your Dependent Care Reimbursement Account until you exhaust your account balance or the plan year ends, even if you have not contributed the full annual amount for which you enrolled.

## What happens if I don't spend all of my money?

IRS regulations stipulate that any amount left in your account at the end of a plan year after all submitted reimbursement requests have been processed will be forfeited to the State of Wisconsin. Funds cannot be returned to you, nor carried forward to the next plan year.

## Can I use money from one account to pay for expenses from another account?

No, funds deposited in a dependent care account cannot be used to reimburse medical expenses (and vice versa).

## Can I continue coverage if I terminate employment or take a leave of absence?

Your participation in the ERA program may cease during a plan year if you terminate employment, transfer to an ineligible position, go on an unpaid leave of absence, or die, unless you make arrangements to continue your coverage.

There are several ways for you to continue your reimbursement account(s) for the remainder of the plan year.

- You can contribute the remainder of your annual election amount via a tax-free lump sum contribution taken from your last regular paycheck(s). When you have contributed your full annual election amount to your account(s), you can receive reimbursement for eligible expenses until your full annual amount has been reimbursed or the plan year ends, whichever occurs first.
- You can contribute with after-tax payments to your account (Medical Expense Reimbursement Accounts only).
- In some cases you may also change your election amount by filing a *Change in Status Form*. See Pages 21-24 for more information about qualified Changes In Status events.

**Contact your Payroll/Benefits Office for more information about your options and the required procedures for continuation.**

## Appeal Process

If you have a claim denied in full or in part, or if you have a Change In Status request denied, you have the right to appeal the decision by sending a written request for review to the address below within 30 days of the denial. Your written request must state why you think your request should not have been denied. Your letter must include the name of your employer, the date of the services for which benefits were denied (if applicable), a copy of the claim or request, any denial letter you received and any additional documents, information or comments you think may have a bearing on your appeal.

Upon receipt of your written request, your appeal will be reviewed. You will normally be notified of the results of this review within 30 days from receipt of your written request. In unusual cases, as when review of your appeal requires additional documentation, the review may take longer than 30 days. If your appeal is approved, additional processing time is required to modify your benefit elections or process your claim.

PLEASE NOTE: Appeals are approved only if the extenuating circumstances and supporting documentation are within IRS regulations governing the plan.

**FRINGE BENEFITS MANAGEMENT COMPANY  
(FBMC)  
APPEALS COMMITTEE  
P.O. BOX 1878  
TALLAHASSEE, FL 32302-1878  
800-342-8017**

[webcustomerservice@fbmc-benefits.com](mailto:webcustomerservice@fbmc-benefits.com)



## When can I enroll?

### Open Enrollment October 11– November 12

Current employees must enroll in the Medical Expense Reimbursement Account and/or the Dependent Care Reimbursement Account for the 2005 Plan Year during the Open Enrollment period. (You do not need to re-enroll for Automatic Premium Conversion. Your participation will continue automatically.)

## How do I enroll during open enrollment?

There are two fast and easy ways to enroll:

- **Telephone** – Call toll-free (1-800-847-8253), then follow the voice prompts.
- **Internet** – Log on to the Employee Trust Funds internet site at <http://etf.wi.gov>, then click on the “ERA Open Enrollment” link.

Call or log on anytime between October 11 and November 12, 2004. **The enrollment line closes at 9 p.m. CT on November 12, 2004.**

## What is my Personal Identification Number (PIN)?

The first time you access the FBMC Internet site after October 1, 2004, you must enter your default PIN, which is the last four digits of your Social Security number (SSN). You will be asked to change your PIN to one of your choosing. It cannot be the default PIN. However, it can be one that you've previously chosen. Please remember this number. It will be needed if you decide to change your enrollment election during the Open Enrollment period. This PIN will also be valid for the next 12 months to access your personal account information from the FBMC Interactive Benefits Information Line. All PINs will be reset to the default PIN on October 1, 2004.

## Can I change my election during open enrollment?

**Yes, you can change your election at any time during the open enrollment period.** Simply use the Internet or telephone enrollment line at any time during the open enrollment period to make the change. Only the last election that you made will be saved. Be sure to record and save your new confirmation number every time you change your election.

### IMPORTANT:

If you enrolled for both a Medical Expense Account and a Dependent Care Account, but wish to change the election amount for only one account, please remember to enter the amount you wish to contribute to **both**, not just the one account you are changing. If you only enter contribution amounts for one account, only that information will be saved and you will be enrolled in only one ERA account for the 2005 Plan Year.

The system that is currently used for enrollment does not permit you to completely cancel your enrollment if you have already enrolled for 2005. If you wish to cancel participation in the ERA program for 2005, please contact your payroll benefit office or FBMC Customer Service at 1-800-342-8017 to obtain a paper form.

## Can I change my election after open enrollment?

If you wish to change your election, cancel your election, or enroll after the enrollment period, you must send a letter of appeal, along with a completed enrollment form to the Wisconsin Appeals Committee at FBMC, P.O. Box 1878, Tallahassee, FL 32302. You may also fax your appeal request to C. Sculley, Client Services (1-850-425-6220). The appeal letter must outline the circumstances surrounding the requested change. You will be notified by FBMC if your appeal request is approved or denied.

## Can I change my election after the plan year begins?

Enrollment elections cannot be changed after the plan year begins unless there is a qualifying change in status event that affects your eligibility to participate in the benefit.

Benefit election changes are allowed only if the requested change is on account of and corresponds to the status change event and must be approved by FBMC before it can take effect. See Pages 21-24 for more information about change in status events and how to request a change.

# Enrollment Information

CONTINUED

## Can I enroll after the Open Enrollment period?

Enrollment after the annual open enrollment period is not permitted unless you are a newly-hired employee or experience a qualifying change in status event.

## Enrollment for newly hired employees

You may enroll in the ERA program by submitting an enrollment form within **30 days** following your hire date.

**Step 1** – Determine the amount you wish to contribute for the remainder of the plan year. Your department's Payroll/Benefits Office will assist you in determining the number of paychecks remaining in the year.

**Step 2** – Complete a **paper ERA enrollment form** available from your Payroll/Benefits Office. (The Internet and phone enrollments are not available after the Annual Enrollment period.)

**Step 3** – **Return your complete enrollment form to your Payroll/Benefits Office**, not to FBMC.

## Enrollment for employees who experience a Change in Status

You may enroll in the ERA program by submitting a *Change in Status Form* within **30 days** after you experience a change in status event such as marriage, birth, or adoption. See Pages 21-24 for more information on valid change in status events.

**Step 1** – Determine the amount you wish to contribute for the remainder of the plan year. Your department's Payroll/Benefits Office will assist you in determining the number of paychecks remaining in the year.

**Step 2** – Complete a *Change in Status Form* available from your Payroll/Benefits Office or from the ETF Internet site at <http://etf.wi.gov>.

**Step 3** – Submit the completed *Change in Status Form* to FBMC's Madison office: **FBMC, Suite 210A, 7818 Big Sky Drive, Madison, WI 53719**. Be sure to send your form to FBMC's Madison office with ample time for it to be processed and forwarded to your Payroll/Benefits Office before the payroll processing cut-off date. Otherwise, your desired effective date for enrollment or account change(s) will be delayed. Generally speaking, that means your Payroll/Benefits Office should receive the authorized form at least 10 business days prior to the paycheck date on which the changes are to be made.

**Step 4** – FBMC's Madison office will process your form. If your enrollment is approved, a copy of the form will be sent to your Payroll/Benefits Office and to FBMC's Florida office.

## When will my coverage start if I enroll mid-plan year?

If you enroll within 30 days following your hire date or the date of your change in status qualifying event, your coverage will start on the issue date of your first paycheck from which ERA deductions are made. Only eligible expenses for services provided to you after this effective date are reimbursable.

**IMPORTANT** – Your first payroll deduction will be on the first available paycheck. This may not be the paycheck following your enrollment. Because of payroll processing cut-off dates, your start date may be several weeks after you submit your enrollment form. Be sure to verify your ERA start date with your Payroll/Benefits Office before you incur eligible expenses.

### EXAMPLE:

Your employment start date is March 15, 2005. You have **30 days** after that date to enroll in the program. If you are paid on a bi-weekly basis and submit your application on March 29, the first check from which a deduction may be taken could be as late as April 14, depending on the payroll processing cut-off date. If you are paid on a monthly basis, your coverage start date will be May 1.



# ERA Enrollment Guide

Internet Enrollment: <http://etf.wi.gov>, then click on the ERA Open Enrollment Link

Telephone Enrollment: 1-800-847-8253

**USE THIS GUIDE TO MAKE YOUR ENROLLMENT VIA INTERNET OR TELEPHONE FAST AND EASY. THIS IS NOT AN ENROLLMENT FORM. CALL THE FBMC CUSTOMER SERVICE NUMBER LISTED BELOW IF YOU NEED A PAPER FORM.**

## SOCIAL SECURITY NUMBER (SSN).

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## TEMPORARY PERSONAL IDENTIFICATION NUMBER (PIN)

NOTE: The PIN used to access the FBMC Web site and to enroll on the ETF Web site are the same. The first time you access either site after October 1, 2004, you must enter your default PIN, which is the last four digits of your Social Security Number.

## Change your PIN to your own confidential 4-digit PIN.

It cannot be the default PIN. It can be one that you've used previously. Please remember this number. It will be needed if you decide to change your enrollment election during the open enrollment period. This PIN will also be valid for the next 12 months to access the FBMC Interactive Benefits Information line. (See Page 26)

## WORK LOCATION NUMBER (Refer to the list on Page 10)

Your work location may not be properly identified if you are a new employee or have recently changed jobs. Call FBMC Customer Service at 1-800-342-8017 if your work location is not properly identified.

## NUMBER OF PAYCHECKS

Employees paid bi-weekly will receive 26 paychecks in 2005. Employees paid monthly may receive 12 paychecks if they have a full-year appointment. Those with less than a full-year appointment, i.e. 6 months, 9 months, 10 months etc., should use the appropriate number.

## WORK PHONE NUMBER

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## E-MAIL ADDRESS

This information is used solely for program administration. In no event will it be sold or used for any other purposes.

## ERA annual deduction amounts: (include decimal FOR INTERNET)

\$  .

## Medical Expense Annual Amount (Minimum =\$100; Maximum =\$7,500)

\$  .

## Dependent Care Annual Amount (Minimum =\$100; Maximum =see below)

\$  .

## TAX FILING STATUS (DEPENDENT CARE ACCOUNTS ONLY)

- ☐ MARRIED, FILING SEPARATELY (\$2,500 MAXIMUM)  
☐ MARRIED, FILING JOINTLY (\$5,000 MAXIMUM)  
☐ SINGLE, HEAD OF HOUSEHOLD (\$5,000 MAXIMUM)

## Write your Confirmation Number here: (Keep for future reference)

**IF YOU HANG UP OR QUIT BEFORE YOU RECEIVE A CONFIRMATION NUMBER, YOUR BENEFIT SELECTIONS HAVE NOT BEEN SAVED AND YOU ARE NOT ENROLLED.**

You can change your election through the Internet or telephone system at any time during Open Enrollment. See Page 7 for specific instructions. No changes can be made after the plan year begins unless you experience a qualifying change in status event. See Page 21-24 for more information about change in status events.

**TROUBLE ENROLLING? CALL FBMC CUSTOMER SERVICE AT 1-800-342-8017.**

# Work Location Numbers

505	Administration	370	Natural Resources
432	Aging and Long Term Care Board	550	Public Defender
115	Agriculture, Trade and Consumer Protection	255	Public Instruction
660	Appeals Court	155	Public Service Commission
215	Arts Board	165	Regulation and Licensing
625	Circuit Court	566	Revenue
143	Commerce	575	Secretary of State
410	Corrections	545	Office of State Employment Relations (voiced as Employment Relations Department)
507	Public Lands, Board of Commissions (voiced as Board of Commissions of Public Land)	190	State Fair Park Board
475	District Attorneys	680	Supreme Court
225	Education Communications Board	380	Tourism
510	Elections Board	395	Transportation
425	Employment Relations Commission (WERC)	585	Treasury
515	Employee Trust Funds	495	UW Hospital and Clinics
521	Ethics Board	285	University of Wisconsin
525	Executive Office		UW - Eau Claire
144	Financial Institutions		UW - LaCrosse
435	Health and Family Services		UW - Stout
235	Higher Educational Aids Board		UW - Oshkosh
245	Historical Society		UW - Platteville
145	Insurance Commission		UW - River Falls
536	Investment Board		UW - Stevens Point
775	Joint Survey Committee on Retirement Systems		UW - Superior
665	Judicial Commission		UW - Whitewater
455	Justice		UW - Madison
765	Legislature		UW - Milwaukee
	Assembly		UW - Green Bay
	Sergeant at Arms		UW - Parkside
	Legislative Council		UW - Colleges
	Legislative Fiscal Bureau		UW - Extension
	Legislative Reference Bureau		UW - System Admin.
	Senate	485	Veteran's Affairs
	Revisor of Statutes	440	Wisconsin Health and Educational Facilities Authority
	Legislative Technology Services Bureau	490	Wisconsin Housing and Economic Development Authority
770	Legislative Audit Bureau	292	Wisconsin Technical College System Board
360	Lower Wisconsin State Riverway Board	100	WISCRAFT
540	Lieutenant Governor's Office	445	Workforce Development
465	Military Affairs		
315	Minnesota/Wisconsin Boundary Area Commission		

## Which premiums may be taken on a pre-tax basis?

Premium Conversion allows the following premiums to be deducted from your salary on a pre-tax basis:

- State group health insurance,
- State group life insurance
- EPIC dental and excess medical insurance, and
- Spectera vision benefit.

**IMPORTANT:** The premiums that you pay for other coverage (for example: other medical, dental, life, income continuation or long-term care insurance) are **not** affected by this plan.

IRS regulations require that employer-provided group term life insurance coverage in excess of \$50,000 results in a tax liability. This liability is offset by the portion of life insurance premiums you pay. Any liability you incur will appear on your annual wage and tax statement (W-2 Form) that you receive each January.

## Do I need to re-enroll every year?

No, you do not need to re-enroll for Automatic Premium Conversion. Your participation will continue automatically.

## What if I don't want to participate in automatic premium conversion?

If you wish to continue to pay taxes on your premium amounts, fill out an *Automatic Premium Conversion Waiver/Revocation of Waiver Form* (ET-2340) and return it to your Payroll/Benefits Office. You can obtain a Waiver form from your Payroll/Benefits Office, or by going to the ETF Internet site at <http://etf.wi.gov>.

## When will the waiver be effective?

- If you file a waiver within 30 days after the date you are first eligible to participate in the ERA program, the date you are first eligible for insurance that is affected by premium conversion, or the date you experience a qualifying change in status event, the waiver will be effective with the first premium deduction following the processing of your form.
- If you file the waiver at any other time, it will become effective on January 1 of the following plan year.

Once you have filed a waiver it will remain in effect for future plan years, unless you file an *Automatic Premium Conversion Waiver/Revocation of Waiver Form* (ET-2340) with your Payroll/Benefits Office.

# Medical Expense Reimbursement Account

This account allows you to use tax-free money to pay for uninsured medical expenses **incurred by you, your spouse and your dependents**. All expenses must be for services provided during the plan year or during your period of coverage.

## What are the contribution limits?

**Minimum annual contribution: \$100**

**Maximum annual contribution: \$7,500**

## Who is a qualified dependent?

Your Medical Expense ERA may be used to reimburse eligible expenses incurred by:

- yourself
- your spouse and
- your tax dependents.

To qualify as your tax dependent, an individual must:

- be your relative, or
- live with you for the entire calendar year if not your relative.

In either case, the individual must also be:

- a U.S. citizen or a resident of the U.S., Mexico or Canada and
- the recipient of at least half of their total support and/or expenses during the calendar year from you.

An eligible child of divorced parents is treated as a dependent of both, so either or both parents can establish a Medical Expense ERA.

## What expenses are eligible for reimbursement?

To be eligible for reimbursement, IRS regulations require that expenses must be for medical care incurred primarily for the diagnosis, care, mitigation, treatment or prevention of disease or illness and for treatments affecting any part or function of the body. Any expense that is recommended for the improvement of general health is not eligible.

## Eligible Expenses (partial list)

Acupuncture <sup>1</sup>	Learning disability tuition <sup>1</sup>
Alcoholism treatment	Massage therapy <sup>1</sup>
Ambulance service	Medical Mileage (See Page 15)
Artificial limbs	Nursing services
Birth control pills	Optometrist fees
Braille books and magazines <sup>3</sup>	Orthodontic treatment <sup>1</sup>
Car controls for the handicapped	Over-The-Counter (OTC) medicines <sup>2</sup>
Chiropractic care	Orthopedic shoes <sup>3</sup>
Contact lenses (corrective)	Oxygen
Contact lens solutions & cleaners	Psychoanalysis
Crutches	Periodontal fees
Dental fees <sup>1</sup>	Prescription drugs to alleviate nicotine withdrawal symptoms
Dental implants	Reconstructive surgery after mastectomy <sup>1</sup>
Diagnostic tests	Smoking cessation programs/treatments
Doctors' fees	Radial keratotomy
Duplicate prosthetic devices	Special schools for the handicapped
Drug addiction treatment	Surgery <sup>1</sup>
Drugs <sup>2</sup>	Telephone for the deaf
Experimental medical treatment	Transplants of organs
Eyeglasses	Transportation for local and medically necessary out-of-town care
Guide dogs	Vaccinations
Health and dental insurance deductibles/co-payments	Vitamins/natural supplements <sup>2</sup>
Hearing aids & exams	Weight-loss programs/meetings <sup>1</sup>
Hearing treatment	Wheelchairs
Hospital services	X-rays
In-patient or out-patient therapy for mental or nervous disorders	
Injections	
In vitro fertilization	
Lab fees	
Laser eye surgery	

1. Requires a *Letter of Medical Need* from the treating healthcare provider (see Page 13 for more information).

2. Not all prescription or OTC drugs are approved by the IRS as eligible for reimbursement (see Page 14 for more information).

3. Only the increased cost of a special version of an otherwise personal item is reimburseable (see Page 15 for more information).

**NOTE:** Budget conservatively. No reimbursement or refund of Medical Expense FSA funds is available for services/surgeries that do not occur.

\*IRS-qualified medical expenses are subject to federal regulatory change at any time during a tax year.

## What expenses are ineligible?

- Insurance premiums
- Vision warranties and service contracts
- Health or fitness club membership fees. These fees may be eligible if prescribed to treat a diagnosed medical condition such as diabetes. Written proof of medical necessity is required.
- Cosmetic surgery or expenses primarily for cosmetic purposes
- Expenses for services provided outside the plan year or your period of coverage.

A more complete list appears in IRS Publication 502, available at your Internal Revenue Service office or from the IRS Internet site at [http://www.irs.ustreas.gov/prod/forms\\_pubs/pubs.html](http://www.irs.ustreas.gov/prod/forms_pubs/pubs.html).

**Please note:** IRS regulations prohibit personal insurance premiums, including Long-Term Care, and any advance payments for future care, such as fees to a retirement facility, from being reimbursed through a Medical Expense Reimbursement Account, even though it is listed in IRS Publication 502.

## When is a Letter of Medical Need required?

Medical care that is provided for specific medical purposes, but may also be provided for personal and/or cosmetic reasons, will require a signed, dated and completed *Letter of Medical Need* from the attending healthcare professional. **A Letter of Medical Need must accompany the first reimbursement claim each plan year, even if it is for continuing service.** Examples of services that need a Letter of Medical Need include massage therapy, orthodontia, over-the-counter drugs and medicines, and prescriptions for drugs like Accutane, Rogaine and Viagra.

## Who should complete the Letter of Medical Need form?

The *Letter of Medical Need* should be completed by your healthcare provider (your primary care physician or the healthcare professional who provides the treatment) who will provide the medical diagnosis and treatment on the *Letter of Medical Need*.

## What should be included on the Letter of Medical Need?

The *Letter of Medical Need* should include the specific diagnosis, the recommended treatment and the duration of the treatment. The healthcare professional must sign and date the *Letter of Medical Need*. You may use the *Letter of Medical Need Form* or any other documentation from the provider which includes all of the required information.

## What if my healthcare needs change after the plan year starts?

The IRS prohibits changes in Medical Expense ERA coverage due to a change in your healthcare plan coverage or eligibility. Likewise, a change in your health plan's drug formulary or the status of over-the-counter drugs is not an event that allows for a mid-plan year change. Be sure to verify with your healthcare provider (prior to the commencement of the upcoming plan year) that you are a suitable candidate for any procedure (such as laser eye surgery or other elective procedure) before committing the money to your Medical Expense ERA. Unused funds designated for a medical expense account cannot be refunded to you. IRS-qualified medical expenses are subject to federal regulatory change at anytime during a tax year.

## What medicines and drugs are eligible for reimbursement?

Medicines and drugs, both prescription and over-the-counter (OTC) must meet the "medical necessity" definition to be reimbursable. For example, daily vitamins, minerals, and other dietary supplements are not usually eligible for reimbursement because they are used to maintain general health. However, if they are prescribed by your healthcare provider to treat a specific condition (i.e. iron tablets for anemia, calcium supplements for osteoporosis), they are reimbursable if accompanied by a *Letter of Medical Need* from your physician.

# Medical Expense Reimbursement Account

CONTINUED

## Which over-the-counter drugs are eligible for reimbursement?

Categories of over-the-counter (OTC) drugs and supplies that are eligible for reimbursement include: antacids, pain relief, cold remedies, allergy medications and other items that treat specific medical conditions (e.g. laxatives, antibiotics, anti-diarrheals, bandages, cold/hot packs for injuries).

A list of OTC drugs eligible for reimbursement can be found on FBMC's Web site and on ETF's Web site and may be updated periodically. If other drug or medicine categories are added to the

list, that expense will be reimbursable retroactively to the start of the current plan year. You may resubmit a copy of your receipt(s) for a previously rejected claim if the OTC expense becomes eligible for reimbursement later in the same plan year.

NOTE: Newly eligible medicines and drugs are not considered a valid change in status event that would allow you to change your annual reimbursement account election amount.

## Eligible Expense Categories

### Allergy

Antihistamines  
Nasal sprays

### Antacids

Heartburn medicines

### Cold Remedies

Cough drops  
Decongestants  
Nasal strips  
Nasal sprays  
Sinus medications  
Throat lozenges

### Pain Relief

Bug bite medication  
Fever reducers  
First aid creams (diaper, fever blister, poison ivy)  
Menstrual cycle products for pain and cramp relief  
Products for muscle or joint pain  
Special ointments or creams for sunburn  
Topical creams

### Other Medical Remedy Items

Anti-diarrheals  
Anti-fungals  
Antibiotics  
Asthma medications

Bandages, gauze pads, rubbing alcohol, liquid adhesives  
Carpal tunnel wrist supports  
Cold/hot packs for injuries  
Corn/callus removers  
Eye products (including reading glasses, contact lens cleaning solutions)  
First aid kits  
Hemorrhoid treatments  
Laxatives  
Motion sickness treatments  
Nicotine gum or patches for smoking cessation purposes  
Thermometers  
Wart removers

## Items Requiring Special Documentation\*

Botanicals/herbals  
Feminine hygiene products  
Hormones  
Minerals  
Nasal sprays for snoring  
Sunscreens  
Vitamins  
Weight-loss drugs to treat a specific disease

## Ineligible OTC Expenses

Cosmetics  
Toiletries  
OTC items primarily for general health and well-being

\* Contact FBMC Customer Service at [webcustomerservice@fbmc-benefits.com](mailto:webcustomerservice@fbmc-benefits.com) or call FBMC Customer Service at 1-800-342-8017 for more information or to obtain a sample Letter of Medical Need or Personal Use/Capital Expenditures Statement.



## Are expenses related to weight-loss eligible for reimbursement?

The IRS officially recognizes obesity as a disease and out-of-pocket medical expenses for doctor prescribed treatment of obesity is reimbursable under your Medical Reimbursement Account. This includes treatment in weight-loss programs and/or meetings; it excludes diet foods that are substitutes for normal nutritional requirements.

Weight loss programs and memberships at a gym undertaken for your general health are not reimbursable. When submitting a reimbursement claim, be sure to include a *Letter of Medical Need* that states the condition for which you are being treated. Remember that a gym sign up, initial fees or enrollment fees are not reimbursable. Only the monthly fee is reimbursable.

## Can I be reimbursed for orthodontia?

Orthodontia expenses are reimbursable if the treatment is designed to correct a medical condition such as malocclusion. Orthodontia expenses for treatment designed primarily to improve one's appearance are not reimbursable. Expenses for orthodontic care may be reimbursed in one of the following ways:

- if you claim an initial down payment at the start of treatment, then spread the remaining balance out under a payment plan, you may be reimbursed for the down payment amount but only in the plan year in which the braces are installed, or
- if you spread the full contract amount out under a payment plan, you may be reimbursed for your monthly service amount, or
- if you claim the complete amount due after treatment begins, you may be reimbursed for the full contract amount, but only in the plan year in which the braces are installed.

See Page 25 for information about submitting a reimbursement request.

## I need special equipment to accommodate my illness. Is it reimbursable?

The cost of home improvements or special equipment installed in your home may be reimbursable as a capital expenditure if the main purpose is medical care for you, your spouse, or dependent. A capital expenditure is an item that has a useful life that extends beyond the end of the taxable year (e.g., air conditioner, blood pressure cuff, etc.). The general rules for the reimbursement of a medically necessary capital expenditure, and the extent to which its cost may be eligible for reimbursement, are:

- if it's a special version of an otherwise personal item, only the increased cost over the cost of the item in its normal form is eligible
- if it's an item permanently attached to property, only the cost exceeding the increase in the property value is eligible
- if there is no personal element and it's not permanently attached to property, it can only be used by the person who medically requires it, and
- if the item is used by others as well, only a prorated amount of the cost is eligible.

More information about submitting claims for capital expenditures can be obtained by calling FBMC Customer Service at 1-800-342-8017.

# Medical Expense Reimbursement Account

CONTINUED

## Are travel expenses related to my health care reimbursable?

Yes, if the service provided is medically necessary for vision, dental or medical care, then travel to and from the healthcare provider to obtain service is reimbursable. Submit travel expenses when you are claiming reimbursement for the provided service.

### Mileage

Mileage may be reimbursed at a rate of \$0.14 per mile (amount per mile reimbursable per IRS as of 9/1/04) for trips to and from your healthcare provider. A visit to your pharmacy will be treated as a visit to your local healthcare provider.

### Parking fees and tolls

You may seek reimbursement for parking fees and tolls to your medical appointment. To substantiate the claim you will need to provide a receipt for the toll and/or parking fee in addition to a bill or receipt from your healthcare provider.

### Expenses incurred for out-of-town healthcare services, i.e., airline fare, hotel room and rental car

You may be reimbursed for the amounts you pay for transportation to another city if the trip is primarily for, and essential to, receiving medical services. You cannot be reimbursed for a trip or vacation taken merely for a change in environment, improvement of morale, or a general improvement of health, even if you make a trip on the advice of a doctor.

### Lodging expenses incurred during my dependent's out-of-town hospitalization

You may be reimbursed for the cost of lodging not provided in a hospital or similar institution. The amount you include in medical expenses for lodging cannot be more than \$50 per night for each person.

Lodging is reimbursable for a person for whom transportation expenses are a medical expense because that person is traveling with the dependent receiving medical care. For example, if a parent is traveling with a sick child, up to \$100 per night can be reimbursed as a medical expense for lodging for both. Meals are not included.

## What documentation is required for reimbursement of travel expenses?

You may calculate the mileage on the actual bill/receipt for medical care that resulted in your mileage claim. Include:

- roundtrip mileage multiplied by \$0.14
- the name of the provider visited.

**Example:** If your office visit with Dr. Jay on 1/2/05 resulted in a total of 80 miles roundtrip, your note should read: 1/2/05—80 miles x \$0.14= \$11.20 on 1/2/05. Enter \$11.20 as the amount requested for reimbursement on your claim form, along with any other expenses associated with your travel (i.e. parking, tolls). Attach your statement, bill or receipt from your health care provider along with your request to validate your visit.

## Should I use a Medical Expense Reimbursement Account or claim my medical expenses on my 1040?

Unless your itemized medical expenses exceed 7.5 percent of your or your family's adjusted gross income, you cannot get a break by claiming them on your IRS Form 1040. You can save taxes by paying for your uninsured, out-of-pocket medical expenses through a tax-free Medical Expense Reimbursement Account.

For instance, if your family's adjusted gross income is \$45,000, the IRS would only allow you to deduct itemized expenses that **exceed** \$3,375 (7.5 percent of your adjusted gross income). But, if you have \$2,000 in eligible medical expenses, the Medical Expense Account saves you \$453 in federal income (15 percent) and Social Security taxes (7.65 percent) on these medical expenses. Your savings will be even greater when you include your state income tax.

With a Medical Expense Reimbursement Account, the money you set aside for eligible medical expenses is deducted from your salary before taxes. So it is ALWAYS tax-free, regardless of the amount. By enrolling in a Medical Expense Reimbursement Account, you guarantee your savings.

# Dependent Care Reimbursement Account

Dependent child, adult and elder care expenses make up a significant portion of many family budgets. The Dependent Care Reimbursement Account lets you use tax-free dollars to cover such expenses -- enabling you and your spouse to work, actively look for work or attend school full-time.

## What are the contribution limits?

- If you file your income taxes as “head of household” or “married, filing jointly” you can put up to \$5,000 a year into your account.  
**NOTE:** If you and your spouse establish separate Dependent Care Reimbursement Accounts, the **combined** total may not exceed \$5,000.
- If either you or your spouse earn less than \$5,000 a year, you can deposit only as much as the lower of the two incomes.
- If you are married, but file a separate federal income tax return, you may deposit a maximum of \$2,500 to your Dependent Care Reimbursement Account.
- If your spouse is a full-time student or incapable of self-care, your maximum is \$3,000 a year for one dependent and \$5,000 a year for two or more dependents.
- If you have only one eligible child, your maximum for IRS tax credit is \$3,000, but you may set aside up to \$5,000 through ERA if your tax filing status allows.
- The minimum annual contribution is \$100.

**NOTE: The Dependent Care account is not for medical expenses incurred by dependents.**

## Who is a qualified dependent?

A qualified dependent can be:

- A child age 12 or younger who resides in your household and for whom you can claim an exemption, or
- An adult or child who is mentally or physically incapable of self care and who regularly spends at least eight hours a day in your household.

## What rules apply for dependent care?

- Eligible dependent care expenses must be for the physical care of the dependent, either inside or outside the home.
- Dependent care cannot be provided by you, your spouse or other dependent.
- If you are married, your spouse must work, actively look for work, be a full-time student or be mentally or physically incapable of self-care.

For more information, refer to IRS publication 503 available at your Internal Revenue Service office or from the IRS Internet site at [http://www.irs.ustreas.gov/forms\\_pubs/pubs.html](http://www.irs.ustreas.gov/forms_pubs/pubs.html).

## What expenses are eligible for reimbursement?

- Day and dependent care facility fees for qualified dependents.
- Before-school and after-school care for qualified dependents.
- Local day camp fees for qualified dependents. (Sports camps and other instructional camps are excluded **unless** the primary purpose of the camp is for the physical care of the child.)
- Fees for at-home care of qualified dependents that allow you to work and your spouse to either work, actively look for work, or go to school full-time.
- Charges for preschool and nursery school may qualify as dependent care expenses, if the attendance allows you to work and your spouse to either work, actively look for work or go to school full-time.

# Dependent Care Reimbursement Account

CONTINUED

## What expenses are ineligible?

- Educational expenses incurred for a child in kindergarten or above
- Child support payments, or care for any periods of time that your child or dependent is not living with you
- Health care costs, educational tuition
- Overnight care for your dependents (**unless** it allows you and your spouse to complete shiftwork during that time)
- Nursing home fees
- Books or supplies
- Activity fees
- Deposits, **unless** part of fee is for care of dependent
- Meal and transportation costs, if they are **separate** from your dependent care expenses
- Expenses incurred outside the plan year or your period of coverage

## Should I use a Dependent Care Reimbursement Account or a Child Care Tax Credit?

Generally a Dependent Care Reimbursement Account saves you more in taxes than the Child Care Tax Credit, but it depends on your income.

- If you expect your adjusted gross family income to exceed \$24,000, and you are not in the 15 percent tax bracket, the Dependent Care Reimbursement Account will probably benefit you more, but you should consult your personal tax advisor regarding your specific situation.
- You can use the Dependent Care Reimbursement Account and file for a tax credit as long as the total for both (the amount you have placed in your account plus the amount you have paid for dependent care) does not exceed the tax credit limits; \$3,000 for one dependent and \$6,000 for two or more dependents.
- You cannot use the tax credit if you are married and filing separately.
- You cannot use the same expenses for **both** the tax credit and your Dependent Care Reimbursement Account.
- Carefully follow IRS reporting requirements for Dependent Care accounts. IRS Form 2441 (1040) and Schedule 2 (1040A) require that you provide the name and tax identification number (or Social Security number) of the dependent care provider when filing your taxes.

# Dependent Care Reimbursement Account

CONTINUED

## Here's how one family saved

Thousands of dollars in day care expenses for their children made Mike and Kathy Mallory decide to set up a tax-free Dependent Care Reimbursement Account.

Last year, they paid \$6,000 for day care for their three-year-old twin daughters. The Mallorys realized they would benefit by having the tax-free deductions taken from their salary. The maximum

contribution to a Dependent Care Reimbursement Account is \$5,000. They decided to put the maximum \$5,000 in the reimbursement account and pay the rest of the cost out-of-pocket.

Reimbursement from their tax-free reimbursement account for their day care expenses during the plan year will save them about \$500 more in taxes than if the Mallorys used the dependent care income tax credit.

## PERSONAL INFORMATION

**Names:** Mike and Kathy Mallory

**Ages:** Mike, 32; Kathy, 31

**Family Status:** Married, two children

**Health:** Excellent

**Other information:** The Mallorys paid a large amount in taxes last year; they are anxious to reduce their taxes and start renovations to their home.

**Employment:** Both state employees for eight years

**Income:** Mike \$33,000

Kathy \$35,000

	WITH TAX DEDUCTION	WITH ERA
1. Taxable Income Before Reimbursement**	\$52,800.00	\$52,800.00
2. Less: Dependent Care Paid Before Tax	0.00	-5,000.00
3. Taxable Income After Reimbursement	\$52,800.00	\$47,800.00
4. Less: Federal Taxes† (applied to line 3)	-7,220.00	-6,470.00
5. Less: State taxes*** (6.55% of line 3)	-3,458.40	-3,130.90
6. Less FICA taxes (7.65% of line 3)	-4,039.20	-3,656.70
7. Less: Dependent Care Paid After Taxes	-6,000.00	-1,000.00*
8. Plus: Dependent Care Income Tax Credit	+960.00	0.00
9. Income After Dependent Care Expenses	\$33,042.40	\$33,542.40
10. Additional Taxes Saved With Account		<b>\$500.00</b>

(Individual tax rates may vary.)

## Should the Mallorys use a Dependent Care Reimbursement Account? YES

\* The Mallorys can also claim the extra \$1,000 in child care expenses as an income tax credit.

\*\* Standard deductions and exemptions have been deducted from the adjusted gross income to arrive at this taxable income amount.

\*\*\* Individual state tax rates will vary. Wisconsin State tax information may be found at the Dept. of Revenue Internet site, <http://www.dor.state.wi.us>.

† Federal taxes calculated by applying a 10% tax to the first \$14,000 of income and a 15% tax on the remaining amount.

**NOTE:** No earned income credits included in calculations.

# Impact of the ERA Program on other benefits

## Social Security

Participation in the ERA program, including the Premium Conversion component, will reduce salary used for calculating your eventual Social Security benefit. However, the benefit reduction is small compared with the tax savings earned. The following table compares the possible Social Security reduction with tax savings realized through the ERA program.

Number of years using tax-free premiums	Estimated reduction in Total Lifetime Social Security benefits		Total tax savings*
	MALE	FEMALE	
10	\$1,536	\$1,865	\$2,718
20	3,071	3,729	5,436
30	4,608	5,596	8,154
35 or more	5,376	6,528	9,513

\* Tax savings based on a 15% federal income tax and 7.65% Social Security tax, with \$100 in tax-free contributions per month. Your savings will be even greater when you include your state income tax. Higher tax brackets will also increase tax savings; Social Security reduction remains the same. Assumes retirement at age 65. The difference in male and female estimates is based on life expectancy at retirement.

## Wisconsin Retirement System (WRS) and other state benefits

State law (Wis. Stats. §40.87) specifically states that participation in the ERA program will **not** reduce your wages for calculating state retirement benefits.

ERA reductions will **not** reduce your gross income for the purpose of calculating any other state benefits such as sick leave conversion credits, income continuation insurance, life insurance, unemployment or Workers' Compensation.

## Tax-sheltered annuities and deferred compensation

Participation in the ERA program **does not** affect your participation in a tax-sheltered annuity or deferred compensation program.



## Am I permitted to make mid-plan year election changes?

You may not enroll, terminate or change your ERA election mid-plan year unless you have experienced a qualified Change in Status event as provided by IRS regulations and the Wisconsin ERA program.

The desired election change must correspond to, **and be consistent with**, the event. Experiencing a Change in Status event will not automatically permit a mid-plan year election change unless applicable IRS consistency rules are also met. A mid-plan year election change can only be made on a future basis.

## What is the deadline for filing a Change in Status request?

A properly completed *Change in Status Request Form* must be received by FBMC's Madison Office within 30 days **after** a qualifying event as described in the following section. **Forms submitted before the date of the event cannot be accepted.**

## What is my coverage effective date if my Change in Status request is approved?

Your election change will be effective on the issue date of your first paycheck from which the new or changed ERA deductions are made. **IMPORTANT:** Be sure to send your form to FBMC's Madison office with ample time for it to be processed and forwarded to your Payroll/Benefits Office, before the deadline for changes to your paycheck deductions. Otherwise, your desired effective date for the change(s) will be delayed. Generally speaking, that means your Payroll/Benefits Office should receive the authorized form at least 10 business days before the paycheck date on which the changes are to be made.

## What is my period of coverage when I make an election change?

A mid-plan year election change will result in split periods of coverage. Money from a previous period of coverage can be combined with amounts after a permitted mid-plan year election change and can be used through the end of the plan year. However, expenses incurred before the permitted election change can be reimbursed only up to the annual election amount that was in effect prior to the change (See above for information about the effective date of a change in status request).

**Example:** During the annual enrollment period, Ms. Stevens contributes \$300 to her Medical Expense ERA. She incurred \$300 of eligible expenses in February and was reimbursed for the full amount. Ms. Stevens was married in May. This change in status event allows her to increase her account because of the added expense of her spouse. She elected to increase her annual Medical Expense ERA by \$300. The effective date of this change was June 10. Ms. Stevens now has an additional \$300 that can be used for expenses for either her or her husband that occur on or after June 10.

Mr. Smith elected to contribute \$400 to his Medical Expense ERA during open enrollment. He incurred \$500 of eligible medical expenses in May, but did not request reimbursement for these expenses. In June, Mr. Smith's wife has a baby. Because he realizes his medical expenses will increase, he increases his annual election amount by \$200. The effective date of this change was July 1. Mr. Smith now has \$600 available in his Medical Expense ERA. In August, he requests reimbursement for the \$500 of expenses he incurred in May and \$100 of expenses incurred in July. Mr. Smith will be reimbursed only \$400 for the May expenses because his annual election amount was \$400 when these costs were incurred. He will be reimbursed for the \$100 of July expenses, leaving a balance of \$100 for the remainder of the plan year.

Mr. Johnson elected to contribute \$800 to his Medical Expense ERA during open enrollment. He was reimbursed \$400 for eligible expenses incurred in July. He was married in August and elected to increase his annual election amount by \$300. His change was effective September 15. He now has up to \$400 (the balance of his original election amount) available for expenses incurred prior to September 15 or \$700 (the \$400 balance plus the additional \$300) that may be used for expenses incurred on or after September 15.

Ms. Jones elected to contribute \$600 to her Medical Expense ERA during open enrollment. She was reimbursed for the entire \$600 for eligible expenses that were incurred in February. Ms. Jones' daughter gets married in May, thus Ms. Jones loses an eligible dependent. Ms. Jones submits a change in status request to decrease her annual amount. Because Ms. Jones has already incurred and was reimbursed for eligible expenses, she may not reduce her annual amount, even though she lost a dependent.

## How do I request an election change?

**Step 1** – Obtain a *Change in Status Request Form* from your Payroll/Benefits Office, from ETF's Internet site, or from FBMC's Madison office (608-829-0435) or [baye@fbmc-benefits.com](mailto:baye@fbmc-benefits.com).

**Step 2** – Review the Change in Status rules in the following section. If you have any questions about the eligibility of a requested change or completing the form, contact FBMC's Madison office at (608) 829-0435.

**Step 3** – Complete, sign and date the form and submit it to FBMC's Madison office: **FBMC, 7818 Big Sky Drive, Suite 210-A, Madison, WI 53719**. Retain a copy of documentation supporting your mid-plan year election change request. (It does not need to be submitted with your request.) Examples of documentation are: marriage licenses, divorce decrees, birth certificates, etc.

**Step 4** – FBMC's Madison office will review, on a uniform and consistent basis, the facts and circumstances of each properly completed and timely *Change in Status Request Form*.

**Step 5** – If the requested change is approved, a copy of the form will be forwarded to your Payroll/Benefits Office and to FBMC's Florida office. If your ERA election change request is denied, you will have 30 days from the date of the denial to file an appeal with FBMC by following the procedures in the "Appeal Process" section appearing on Page 6.

## What changes are permitted by the IRS?

<p><b>Legal Marital Status:</b> (Marriage; death of spouse; divorce; legal separation; and annulment)</p>	<p><b>Medical Expense Account</b></p> <ul style="list-style-type: none"> <li>• If you marry, you may increase your election when a family member is added; or cease or decrease your election if: (i) you, your spouse or dependents become eligible under your new spouse's employer's medical expense account plan; and (ii) your spouse is a participant in his or her employer's plan, and (iii) coverage for the affected individual becomes effective or is increased under the other employer's plan.</li> <li>• If you cease to be married, you may decrease your election for the former spouse who loses eligibility. You may enroll in or increase your own election only if you have lost coverage under your former spouse's medical expense plan.</li> </ul> <p><b>Dependent Care Account</b></p> <ul style="list-style-type: none"> <li>• If you marry, you may enroll in or increase your election to accommodate any newly-acquired dependent(s); or decrease or cease coverage if your new spouse is not employed or makes a dependent care reimbursement account coverage election through his or her employer.</li> <li>• If you cease to be married, you may enroll in or increase your election to accommodate your newly-eligible dependent (e.g., due to divorce from non-working spouse); or decrease or cease coverage if eligibility is lost due to an event (e.g., because your dependent now resides with ex-spouse).</li> </ul>
<p><b>Number of Your Tax Dependents</b> (Birth; death; adoption; and placement for adoption)</p>	<p><b>Medical Expense Account</b></p> <ul style="list-style-type: none"> <li>• If you gain a dependent, you may enroll in or increase your election for the newly-acquired dependent.</li> <li>• If you lose a dependent, you may decrease or cease your election for the dependent who loses eligibility.</li> </ul> <p><b>Dependent Care Account</b> Same as Medical Expense Reimbursement Account,</p>
<p><b>Change In Status of Employment That Affects Eligibility of the employee, the employee's spouse, or the employee's dependent:</b> (Termination or commencement of employment; strike or lockout; commencement of or return from an unpaid leave of absence; and change in worksite)</p>	<p><b>Medical Expense Account</b></p> <ul style="list-style-type: none"> <li>• If you terminate employment or go on an unpaid leave of absence, you may change your election amount, or terminate coverage.</li> <li>• If you return from unpaid leave of absence, you may start an account or change your election amount.</li> <li>• If your spouse terminates employment, or goes on an unpaid leave of absence, you may enroll in or increase your election if your spouse or dependent loses eligibility for participation in their employer's medical reimbursement plan.</li> <li>• If your spouse or dependent commences employment or returns from an unpaid leave that triggers a gain in eligibility under his or her employer's plan, you may not drop your Medical Reimbursement Account coverage but you may decrease your election if your spouse or dependent gains eligibility and enrolls in his or her employer's medical reimbursement plan.</li> </ul> <p><b>Dependent Care Account</b></p> <ul style="list-style-type: none"> <li>• If you terminate employment or go on an unpaid leave of absence, your salary reductions cease but you may continue to request reimbursement for eligible expenses from your account until you exhaust your account balance or the plan year ends even if you have not contributed the full annual amount for which you enrolled.</li> <li>• If you return from unpaid leave, you may start an account or change your election amount.</li> <li>• If your spouse terminates employment, or goes on an unpaid leave of absence, you may cease participation if your spouse's loss of employment renders your dependent ineligible for this benefit.</li> <li>• If your spouse starts employment or returns from unpaid leave, you may start an account or increase your election amount to reflect the new eligibility of your dependent (if your spouse previously did not work). You may also terminate your account if your dependent is added to a dependent care plan offered by your spouse's employer.</li> </ul>
<p><b>Dependent satisfies or ceases to satisfy eligibility requirements.</b> (Gain or loss of dependent status as defined by IRC Section 152)</p>	<p><b>Medical Care Account</b></p> <ul style="list-style-type: none"> <li>• If your dependent gains eligibility, you may enroll in or increase your election to take into account the expenses of the affected dependent.</li> <li>• If your dependent ceases to be eligible you may not drop your coverage but you may decrease your election to take into account the ineligibility of the expenses of the affected dependent.</li> </ul> <p><b>Dependent Care Account</b></p> <ul style="list-style-type: none"> <li>• If your dependent gains eligibility, you may enroll in or increase your election to take into account expenses of affected dependent.</li> <li>• If your dependent ceases to satisfy eligibility requirements (e.g., attains age 13) you may decrease or terminate your election to take into account the expenses only of the affected dependent.</li> </ul>
<p><b>Change in Place of Residence (Your Own, Your Spouse or Dependent)</b> (Does <b>not</b> apply to Medical Expense Accounts)</p>	<p><b>Dependent Care Account</b></p> <p>You may make an election change if a change in place of residence results in a change in the cost or coverage of your dependent care provider.</p>

# Changes During the Year

CONTINUED

<b>Open Enrollment Under Other Employer's Plan</b> (Does <b>not</b> apply to Medical Expense Accounts)	<b>Dependent Care Account</b> You may make an election change when your spouse or dependent makes an open enrollment change in coverage under their employer's plan if: their employer's plan year is different from your employer's cafeteria plan, their employer's plan permits a mid-plan year election change under this event, and they participate in a dependent care reimbursement account.
<b>Significant Coverage Curtailment</b> (Does <b>not</b> apply to Medical Expense Accounts)	<b>Dependent Care Account</b> If your dependent care provider significantly reduces its available hours, or goes out of business, you may revoke your election and make a new election for coverage with another dependent care provider. You may also make a corresponding election change when you switch dependent care providers. For example, if you send your child to a daycare center, you can switch to another daycare center or provider. If switching dependent care providers results in a cost increase or decrease, you can make a corresponding change to your dependent care election.
<b>Cost Increase or Decrease</b> (Does <b>not</b> apply to Medical Expense Accounts)	<b>Dependent Care Account</b> If the cost charged by your dependent care provider increases or decreases, you may change your elected contribution under the plan. However, if the day care provider is related by blood or marriage, you cannot change your election amount solely on a desire to increase or decrease the amount being paid to that relative.
<b>Certain Judgments, Decrees, or Court Orders</b> (Does <b>not</b> apply to Dependent Care Accounts)	<b>Medical Expense Account</b> <ul style="list-style-type: none"> <li>• If a judgment, decree, or court order from a divorce, legal separation, annulment, or change in legal custody requires that accident or health coverage for your dependent child (including a dependent foster child) be provided by:</li> <li>• you, you may change your medical reimbursement account election to provide the child with corresponding coverage.</li> <li>• your spouse, former spouse, or other individual, you may change your medical reimbursement account election to cancel corresponding coverage for the child if the other individual actually provides the coverage.</li> </ul>
<b>Eligibility for Medicare and Medicaid</b> (Does <b>not</b> apply to Dependent Care Accounts)	<b>Medical Expense Account</b> If you, your spouse, or your dependent – <ul style="list-style-type: none"> <li>• are enrolled in your employer's health or accident benefit plan, and become entitled to and enroll in Medicare or Medicaid (other than coverage solely for pediatric vaccines), then for that individual you may decrease your medical reimbursement account election, if the Medicare/Medicaid coverage is more comprehensive, or increase it if prior employer coverage was more comprehensive.</li> <li>• lose eligibility for Medicare or Medicaid, then for that individual you may increase your election; or decrease it where the employer plan is more comprehensive.</li> </ul>

## How do I get my money?

After you incur eligible expenses, simply submit a claim to FBMC as explained below. You do not have to pay for the services before submitting a request for reimbursement, but you must actually receive the service before you can be reimbursed.

### Step 1

Complete, sign and date an *ERA Reimbursement Request Form*, available from the ETF Internet site at <http://etf.wi.gov>, or by calling FBMC at 1-800-342-8017.

### Step 2

Attach legible documentation to support your reimbursement claim. Acceptable documentation includes a copy of a statement, bill, or receipt (**no cancelled checks or charge receipts**) from your provider.

**Dependent care claim** — your statement, bill, or receipt must include:

- the name and address of the provider/facility,
- the beginning and ending dates of the provided services,
- the cost of the services, and
- the age, grade and name of the qualifying individuals for whom service was provided.

**NOTE:** Separate receipts are **not** required if your dependent care provider signs your *Reimbursement Request Form* after you have completed and signed it.

**Medical expense claim** — your statement, bill, receipt or Explanation of Benefits (EOB) from your insurance company must include:

- The name of the provider
- The date service(s) were received
- The cost of the service(s)
- The type of medical service(s) provided,
- The name of the person(s) for whom the service(s) were provided,
- The complete name of the drug (and Rx number, if a prescription drug) or medical supplier.

**If the claim is for treatment that may be deemed to be cosmetic or for general health purposes**, also attach a Letter of Medical Need. (See Page 13 for more information about a Letter of Medical Need.) Proof of medical need must be submitted once annually for care that will continue throughout the plan year. If care continues into the next plan year, be sure to include the Letter of Medical Need with the first claim for care in the subsequent plan year.

**If the claim is for a capital expenditure**, attach documentation to substantiate your expense as a medically necessary item. See Page 15 for more information.

**If the claim is for orthodontia**, include a Letter of Medical Need signed by the orthodontist and a copy of the patient's contract for the treatment with the first claim in each plan year (unless the full expense is claimed in the plan year in which the braces are first installed). If you are on a payment schedule, include a statement or payment coupon that shows the month for which you're requesting reimbursement.

### Step 3

Mail or FAX the white copy of the Reimbursement Request Form, along with the required documentation, to:

**Fringe Benefits Management Company (FBMC)**

**Post Office Box 1800**

**Tallahassee, FL 32302-1800**

**Fax: (850) 425-4608**

(If you fax your request, you do not need to mail a copy of the request to FBMC.)

### Step 4

FBMC will process your request within five business days from the day it receives a properly completed Reimbursement Request Form and all the required documentation.

## When can I submit claims?

- Eligible expenses cannot be reimbursed until **after** the service has been rendered.
- You may submit requests as often as you wish, as long as the date of service for which you are requesting reimbursement has passed.

### Claim Tips

- You can receive your reimbursement faster by enrolling in the Rapid Refund option described below.
- To check on the status of your ERA at anytime, call the Interactive Benefits Information Line at 1-800-865-FBMC (3263) or visit [www.fbmc-benefits.com](http://www.fbmc-benefits.com) (See Page 26 for details).
- You must contact FBMC Customer Service directly to submit a change of address. Simply filling out a reimbursement form with your new address information does not guarantee that your reimbursement will be sent to your new address.

## What is the deadline for submitting claims?

The deadline for submitting claims for services provided in the 2005 Plan Year is March 31, 2006.

## How can I get my money faster?

Use Rapid Refund!

- Enrolling in Rapid Refund will allow your reimbursement claim check to be deposited directly into your checking or savings account.
- To take advantage of this option, call FBMC at 1-800-342-8017 and request a Rapid Refund enrollment form. You may also obtain a Rapid Refund form at the ETF Internet site <http://etf.wi.gov>.

Rapid Refund processing may take four to six weeks. You may enroll in Rapid Refund at any time during the plan year. **If you currently participate in Rapid Refund, you do not need to file another form for the new plan year. However, if you wish to cancel Rapid Refund, or if you change bank accounts, you must complete and submit a new form.**

# Personal Account Information

## How can I find out my account balance?

### Access Information Over the Phone

The Interactive Benefits Information Line is FBMC's 24-hour automated phone system. When you dial 1-800-865-FBMC (3262) you can access your benefits anytime to check on a claim, verify the status of an Employee Reimbursement Account, request a form and more!

All you need is your Social Security number (SSN) to access the system for the first time. The last four digits of your SSN will be your first Personal Identification Number (PIN). The system will then ask you to select your own confidential 4-digit PIN for future use. Your new PIN can **not** be the last four digits of your SSN. **(NOTE: As of October 1, 2004 all PINs will be reset to the last four digits of your SSN.** If you have already used the Interactive Benefits telephone information line or enrolled using the Telephone or Internet enrollment systems, the PIN you've chosen there will be the PIN you use here.)

If you forget your PIN, your call will be routed to a Customer Service Representative who will be happy to assist you.

Once you've selected a PIN, the system will give you a list of options and guide you through a simple, step-by-step process to obtain the information you need.

While you are interacting with the system, you will receive options to speak with Customer Service Representative, if needed.

### Access Information Online

Access FBMC Customer Service through the FBMC Internet site. Log on to **[www.fbmc-benefits.com](http://www.fbmc-benefits.com)** and click on the **"Account Information"** link.

To access your personal account, you will enter your Social Security number as your Employee Number and the last four digits of your SSN as your temporary PIN. (If you have already used the Interactive Benefits telephone information line or enrolled using either the Internet or Telephone enrollment systems, the PIN you've chosen there will be the PIN you use here.)

You may also contact Customer Service via e-mail at [webcustomerservice@fbmc-benefits.com](mailto:webcustomerservice@fbmc-benefits.com).



**AT YOUR REQUEST, YOUR ERA REIMBURSEMENT CHECKS MAY BE DEPOSITED INTO YOUR CHECKING OR SAVINGS ACCOUNT BY ENROLLING IN "RAPID REFUND." RAPID REFUND ENROLLMENT FORMS ARE AVAILABLE ON THE ETF INTERNET SITE, OR CALL FBMC CUSTOMER SERVICE. APPLICATION PROCESSING MAY TAKE FOUR TO SIX WEEKS.**

Be sure to consult your **It's Your Choice** health plan enrollment book and/or EPIC insurance benefit information to determine your new co-payments, deductibles and covered benefits for the 2005 Plan Year.

**PROJECTED PLAN  
YEAR EXPENSES**

(NOT covered by insurance)

**TAX-FREE MEDICAL EXPENSE REIMBURSEMENT ACCOUNT**

- 1. Eligible Medical Expenses to be incurred from January 1, 2005 through December 31, 2005.**

Insurance deductibles, co-payments	\$ _____
Immunizations, injections and vaccinations	\$ _____
Routine examinations and physicals	\$ _____
Dental and orthodontic expenses (non-cosmetic)	\$ _____
Prescription drugs or co-pay amount	\$ _____
Eyeglasses and contacts (corrective, including cleaning/wetting solutions, etc.)	\$ _____
Transportation to and from medical provider	\$ _____
Medically necessary nursing home care	\$ _____
Medically necessary surgery*	\$ _____
Other expenses (Over-the-Counter drugs, medicines, etc.)	\$ _____

- 2. Total annual dollar amount.**

Enter this amount on your Internet/Telephone Enrollment Guide.

\$ \_\_\_\_\_  
**\$7,500 MAXIMUM**

- 3. Divide by the number of regular paychecks you will receive during the plan year. ÷ \_\_\_\_\_**

- 4. Reduction per regular paycheck** \$ \_\_\_\_\_

**TAX-FREE DEPENDENT CARE EXPENSE REIMBURSEMENT ACCOUNT**

- 1. Eligible Dependent Care Expenses to be incurred from January 1, 2005 through December 31, 2005.**

Infant/toddler	\$ _____
Preschool	\$ _____
Before-school or after-school care	\$ _____
Reporting days (child in school only half a day)	\$ _____
School holidays/vacations/in-service	\$ _____
Adult, elder and other dependent care	\$ _____

- 2. Total annual dollar amount.**

Enter this amount on your Internet/Telephone Enrollment Guide.

Remember, your total contribution cannot exceed IRS limits for the plan year.

- 3. Divide by the number of regular paychecks you will receive during the plan year. \_\_\_\_\_**

- 4. Reduction per regular paycheck** \$ \_\_\_\_\_

**NOTE:** Take into consideration the possibility of turnaround delays in receiving reimbursement checks when determining how much you can afford to contribute to either Reimbursement Account.

\* Unused funds designated for reimbursement accounts cannot be refunded to you. Please verify with your healthcare provider (prior to the commencement of the upcoming plan year) that you are a suitable candidate for any surgical procedure before committing the money to your ERA.

# Enrollment Information Sessions

CITY	LOCATION	DATE	TIME
BOSCOBEL	WI Secure Program Facility	October 14	8:30-3:30
CHIPPEWA FALLS	Northern WI Center National Guard Armory 2811 E. Park Ave.	October 14	10-4
EAU CLAIRE	Transportation 718 W. Clairmont State Office Building Room 105	October 12	9-12
	UW Campus Davies Center-105 Garfield Council Fire Room	October 18	11-2
FOND DU LAC	Transportation (Patrol) 851 Rolling Meadows	November 3	10:30-12
	& Transportation (DMV) 833 Rolling Meadows	November 3	1-2:30
GREEN BAY	Transportation 944 Vanderperren Way Conference Rooms 2 & 3	October 21	8-12
IRMA	Lincoln Hills School	September 23	12-3
KENOSHA	UW Parkside Main Place 900 Wood Road Library Learning Center	October 12	10-2
KING	WI Veterans Home N2665 County Trunk Qq Marden Memorial Ctr. Meeting Room	October 18	10-2
LACROSSE	UW Campus 1741 State Street Cleary Center (Great Hall)	October 21	1-4
	Transportation State Office Bldg 3550 Mormon Coulee Rd.	October 21	9-12
MADISON	Administration 101 E. Wilson St. Croix Room	October 18	11:30-3:30
	Department of Corrections 3099 E. Washington Kansas Room	October 12	10-1
	UW Hospital 600 Highland Ave. G5/1 Module	October 14	9-3:30
	UW Campus Memorial Union Great Hall	October 13	10-3:30
	Transportation 4802 Sheboygan Ave. Room 421	October 19	9-2

CITY	LOCATION	DATE	TIME
	Justice 17 West Main Room 150-A	October 12	10-1
	Health & Family Services 1 W. Wilson, 7th Floor Room 751	October 19	10-1
	Agriculture, Trade & Consumer Protection 2811 Agriculture Drive	October 21	11-1
	DNR, DPI & COI Gef 3 125 S. Webster Room 041	October 14	10-2
	Employee Trust Funds 801 W. Badger Rd. Room 2b	October 26	10:30-1
	Regulation & Licensing 1400 E. Washington Washington Square Rm. 180	October 27	11-1
	Revenue 2135 Rimrock Rd. Cafeteria Area	October 27	10:30-1:30
	WHEDA Commerce & Tourism WHEDA Bldg. HR Conference Room (1st Floor) 201 W. Washington	October 26	10:30-1:30
	Dept. of Veterans Affairs 30 W. Mifflin St.	October 26	10:30-1
MENOMONIE	UW Stout Memorial Student Ctr. Ballroom B & C	October 19	10-1
MILWAUKEE	DNR 2300 N. Martin Luther King, Jr. Drive Rooms 140-141	October 13	10-1
	UW Campus 2200 E. Kenwood Blvd. Student Union (Ballroom)	October 20	10-3:30
	State Office Building 819 N. 6th Street Room 40	October 15	10-1
OSHKOSH	UW Campus 748 Algoma Blvd. Reeve Union Room 227 (Ballroom)	October 19	1-3:30
PLATTEVILLE	UW Campus Hickory & N. Main Pioneer Center Velzy Commons South	October 14	10-4

# Enrollment Information Sessions

CONTINUED

CITY	LOCATION	DATE	TIME
RHINELANDER	DNR 107 Sutcliffe Ave DNR Office	October 14	10-2
	Transportation 510 Hanson Lake Rd.	October 13	9-1
RIVER FALLS	UW River Falls 410 S. 3rd Street Student Center Falcon Room	November 5	10:30-2:30
SPOONER	DNR DNR Spooner Hatchery Bldg. 810 W. Maple Street	October 14	9-3
STURTEVANT	Racine Correctional 2019 Wisconsin Street	October 4	10:30-2
SUPERIOR	Transportation 1701 N. 4th St.	October 14	8-12
WAUKESHA	UW Center Southview Hall Room C101 Commons Conference Rm.	October 18	10-3
	Transportation 141 Nw Barstow St. Room 151	October 13	8-12
WAUPUN	Dodge Correctional 1 West Lincoln Street	October 12	6-3
WHITEWATER	UW Campus 800 W. Main Street Hamilton Center	October 19	10-2
WISCONSIN RAPIDS	Transportation 1681 Second Avenue South Room 120	October 11	9-12





**This document provides a description of available benefits for easy reference purposes.**

**Official plan documents are available for inspection at the:**

**Department of Employee Trust Funds**

**P.O. Box 7931, Madison, WI 53707-7931**



**Administered for the Wisconsin Department of Employee Trust Funds by FBMC, the Contract Administrator.**

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